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WAR FOOD ADMINISTRATION

OFFICE OF PRODUCTION

Reserve

March 16, 1944

To: Marvin Jones, Administrator
From: ^{John} J. B. Hutson, Director of Food Production
Subject: Achievement of 1944 Production Goals for Strategic Commodities

Attached is a memorandum summarizing the situation regarding requirements and production outlook together with suggestions and recommendations made by the Production Goals Review Committee for certain strategic commodities which were designated for more thorough study.

Certain actions have been taken since the meeting of the Production Goals Review Committee which are consistent with the recommendations of the committee and should improve the opportunity for meeting goals for these commodities.

1. The 1944 support price announcement of March 4 made the following increases in support prices of the tentative prices announced January 26: (a) Soy Beans - 10¢ per bushel; (b) Peanuts - \$10 per ton for Spanish, Virginia and Valencia types, and \$5 per ton for Runner type; (c) Red Kidney Beans - 50¢ per 100 pounds.
2. The continuation of the dairy production payments was announced at rates approximately 40% above the January 1944 rates.
3. A program to stimulate use of nitrogen on pastures and hay crops in the Northeast, to be undertaken by all agencies, is proposed.
4. Agencies are undertaking educational campaigns and other programs to encourage attainment of goals for critical commodities.
5. A program outlining recommended steps to be taken by all agencies to afford the greatest possible assistance in the production of legume and grass seed has been prepared.

One other important recommendation to be acted upon is that having to do with the achievement of the beef cattle slaughter goal announced last October. The Feed and Livestock Branch and the Agricultural Adjustment Agency are developing a program for the achievement of this goal.

J. B. Hutson

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WAR FOOD ADMINISTRATION
Office of Production

February 28, 1944

MEMORANDUM

To: J. B. Hutson
Director of Food Production

From: Sherman E. Johnson, Chairman
1944 Production Goals Review Committee

Subject: Achievement of 1944 Production Goals
for Strategic Commodities

In accordance with your request of February 7, the 1944 Production Goals Review Committee was convened on February 9 to decide on the products for which the requirements and the production outlook should be reexamined as a basis for development of recommendations for further action that needs to be taken to achieve the best possible balance between requirements and production. At that meeting it was agreed to concentrate on the following products:

Oil Crops	Feed Supplies
Dry Beans and Peas	Milk
Potatoes	Poultry
Seeds	Meat Animals

The same committees that prepared production goals suggestions for the above products in the fall of 1943 were asked to reexamine the situation with respect to their products and to report to the Review Committee on February 23. This memorandum summarizes the situation and recommendations as developed by the several goals committees, including also the suggestions and recommendations made by the Review Committee at its meeting on February 23.

1944 Production Goals Established at
Attainable Levels

The suggested 1944 production goals program as developed in the fall of 1943 by the Washington committees was a balanced program from the standpoint of prospective needs and attainable production. The requirements were analyzed as carefully as it was possible to do at that time and the production prospects were based upon a State by State study of production potentialities as reported on by State committees. These production recommendations were based on the solid foundation of production experience in different areas within each State. The suggested State goals developed on this basis were then reviewed in State meetings where requirements as well as production prospects were given consideration. Although some changes resulted from this review, the announced goals were fairly well in balance with requirements. These goals were attainable under average weather conditions, and with other factors favorable to their achievement.

Our recent check-up indicates that 1944 goals will not be reached for some of our strategic commodities unless early and effective steps are taken to increase output above present plans. At this late date it is probably not possible to accomplish full achievement of the goals program, but important increases can still be made in several lines. Unfortunately, some of the means for facilitating 1944 production have not been available to the War Food Administration. There have been unavoidable price uncertainties and perhaps it is still not feasible to make definite price assurances in some sectors, nor to achieve a relative alignment of prices that will facilitate adjustment of production in accordance with goal levels. However, some factors are more favorable than they appeared to be at this time in 1943. Farmers are probably less alarmed about the labor situation; and farm machinery and other supplies, especially fertilizer, are much more plentiful than they were in 1943. Perhaps the greatest need at present is to present to farmers, and even to State and Federal workers who are contacting them, an accurate picture of the real urgency of requirements for some of our more strategic farm commodities. A realization of this urgency will have a stimulating effect on farm production.

The Requirements Situation

On the requirements side of the food picture the situation seems to have become more, rather than less, critical since the fall of 1943. This is especially true of milk products where new requirements from the United Kingdom for its overseas forces have added considerable pressure to an already tight situation. Also firm requirements for large quantities of dairy products are now being substituted for the tentative estimates made last fall. In the face of these increased needs, it is estimated that milk production in 1944 is likely to average only 116 billion pounds compared with 118 billion pounds in 1943. If production per cow could be maintained at 1943 levels, we would obtain our goal of 120.5 billion pounds.

The requirements situation with respect to dry beans and peas has also worsened in the face of prospective production considerably below the goal levels. The prospective portion of requirements that was estimated in the fall of 1943 to be met from foreign sources has been reduced by 3 million bags and, therefore, the pressure on our production will be much greater.

A similar situation is found in the fats and oils group. We are entering 1944 with a relatively low stock position of edible vegetable oils. Our 1944 requirements are high and, looking forward to the year 1945, which will be largely supplied from the 1944 crop, they seem likely to be even higher. If 1944 goals for vegetable oil production were fully achieved, the increase over 1943 would about equalize the anticipated decrease in animal fat production in 1945. Therefore, the extent to which oil production in 1944 falls short of the goals indicates roughly the extent to which we will be short of fats and oils in 1945, at present rates of utilization. There is urgent need for exploring economics in utilization of fats and oils. In view of the difficulties of obtaining more edible oils, we surely are justified in taking all possible steps to economize on supplies, including further limitation on soap manufacturers.

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suitable for action. These recommendations to be presented to the industry or some alternatives developed with them. Recommendation No. 5 on slaughter was revised to state that all non-inspected slaughtering plants be put under inspection or that no restrictions be placed on these plants.

Hogs

The Meat Animals Committee prepared a statement on the hog-corn price ratio that would be necessary to insure maintaining hog production in line with goals. It was indicated that a ratio of 11.5 to 1 probably could be expected to stabilize 1944 and 1945 pig crops at about 100 million head, when combined with present policy of forward Government support of the price of hogs. Although the ratio between the announced October-March support price of \$12.50 for hogs and the present ceiling price of \$1.16 for corn is only 10.8 to 1 and the ratio between the ceiling price of hogs and the ceiling price of corn is 12.7 to 1, the committee pointed out that a sizable spread between the support price and the ceiling price is needed to permit the normal seasonal variation in the price of hogs, which encourages spreading of the time of farrowing and marketing to avoid the seasonally heavy marketing that otherwise occurs in the late fall and early winter months. It appears now that the hog-corn price ratio (Chicago prices) may be expected to fluctuate within safe margins from 11.5 to 1 if the present price programs for hogs and corn are maintained.

The following recommendations were presented by the Meat Animals Committee:

1. That the War Food Administration make no change in the announced support price of \$12.50 per hundredweight for hogs for the period from October 1, 1944 to March 31, 1945, and that the present ceiling price of \$14.75 be maintained.
2. That, if a heavy run of hogs this fall threatens to lower prices to or near the support price of \$12.50, the War Food Administration should widen temporarily the spread in supported weights (200-240 pounds) to avoid forcing large numbers of hogs on the market while they are within the 200-240 weight range in order to take advantage of the support price.

Because of time limitations the Review Committee did not make specific recommendations concerning this proposal.

Sherman Johnson

1944 Goals Represent Maximum Use of Production Resources

The original goal levels of different commodities for 1944 were established in an attempt to maximize the use of our land, labor, and material resources in view of the requirements for different kinds of farm products. To the extent that we will not achieve the goal levels on some of these products, we are accepting alternative products that will give us less total food. This is true because emphasis was placed on the direct food crops, on the high protein food crops, and on the livestock that produced the most units of needed food nutrients for feed consumed. The products that will be substituted for goal products will mean less intensive production. With few exceptions, this is the answer to the statement that even if we do not reach our goals in some lines of production, other products will be correspondingly increased and, therefore, we will be about as well off. We will not be able to provide food of the kind needed for as many people as we would if the goal levels were achieved. For example, milk used in fluid form or processed to retain all milk solids is by far the most economical source of livestock proteins and other needed food nutrients supplied by livestock products. If feed is used to fatten hogs to heavier weights than called for by the goals, much of the feed consumed is wasted because no satisfactory method has been found to salvage the surplus fat on the pork cuts that are sold for table use. Likewise, if soybean goals are not reached, the most important substitute for soybeans is oats, and this not only means that we will not meet our oil requirements, but also that there will be less high protein feed for livestock production. In fact, the soybean meal produced from an acre devoted to soybeans in Iowa contains about 80 percent as many pounds of total digestible nutrients as the average production per acre from oats and it contains nearly three times as much digestible protein. The comparative yield of total digestible nutrients and protein per acre from oats and soybean meal follows:

		<u>T.D.N.</u>	<u>Protein</u>
Oats	(lbs.)	931	122
Soybean Meal	(lbs.)	767	348

This comparison is based on the average yield expectancy from oats and soybeans in Iowa. It indicates that we will get fully as much feeding value from an acre of soybeans as from oats. The oil is pure velvet. Despite this fact, the gross income from oats at January prices would be favorable to oats production, considering the lower labor requirements and the seasonal distribution of labor as well as the tendency for farmers to favor crops that they have grown over a period of years.

There is one change in the requirements and production picture which warrants a change in emphasis, namely, the balance between flax and wheat. The possibility of importing more flax from Argentina, and the tightening of the wheat supply situation both seem to justify placing less emphasis on flax than the 1944 goal level calls for. In the high hazard flax areas, we might be sacrificing 10 to 12 bushels of wheat to obtain 5 bushels of flax, and linseed oil has only limited use for edible purposes.

The Feed Livestock Situation

A check-up on the livestock-feed balance indicates that although feed requirements probably can be met through the 1943-44 feeding year on the basis of present rates of feeding, the carryover next fall is likely to be extremely low. If fewer pigs are raised in 1944 than are indicated by the December pig survey for spring pigs, and the goal levels for fall pigs, there will be somewhat more feed available even for this year, but the more important effects will come in the feeding year 1944-45. The prospects seem to point to fewer chickens raised for flock replacements in 1944 than in 1943, and to some extent this also will lighten the burden on the feed supply and make it possible to give somewhat greater emphasis to milk production. It appears desirable to reexamine the October 2, 1943, policy statement on feed and livestock and to re-issue it on the basis of the reexamination of the feed-livestock balance.

Commodities on Which Early Action is Most Needed

From the standpoint of possible repercussions on the food program, the present high numbers of cattle and calves and the present slow rate of marketing appears to be the most critical situation among the strategic commodities that were reexamined. The all-time record level of 82 million head of cattle and calves on farms on January 1, is so far above previous peaks in most sections of the country that it could result in a catastrophe if unfavorable weather should develop, especially in the range country. Last fall State goals committees estimated that our feed and pasture carrying capacity for cattle and calves is sufficient to provide for an inventory of 77 million head on farms January 1, 1945. To get down to that level would require slaughter of 36.3 million cattle and calves in 1944, or 9 million head more than were slaughtered in 1943. It does not seem feasible to market so large a number. Packing plants would not be able to handle that many. A slaughter of about 35 million head in 1944 would return cattle numbers to the January 1, 1943 level, a previous record. So far we have not developed an effective program for accelerated marketings of cattle. This question should receive the early attention of the War Food Administration. In the meat animal section of the commodity summaries, it is suggested that a small group begin at once to develop more detailed suggestions for handling this extremely important problem.

In view of recent requirement developments, increased milk production appears to be second on the urgency list. Obtaining the maximum acreage of dry beans and peas comes third. Among the oil crops (which are also high on the list needing immediate attention) the best possibility for increased production appears to be soybeans. Here the competition is not so much between soybeans and corn as between soybeans and oats, and we have already indicated that even from a feed standpoint, more value can be obtained from soybeans than from oats.

The succeeding sections give brief summaries for each of the commodities that were reexamined.

Oil Crops

Requirements for edible fats and oils are still at the high level which was used in developing the suggested goals. Also it is anticipated that additional requirements for European relief will develop. Moreover, production of animal fats in 1945 is likely to be less than in 1944 by from 400 to 500 million pounds as a result of decreases in lard output from reduced hog numbers. This forces an additional burden on vegetable oil crop production.

Suggested goals for the vegetable oil crops were: Soybeans for beans, 14 million acres; flaxseed, 6.2 million acres; and peanuts grown alone, 6.5 million acres. The sum of the goals established by States were somewhat less than the suggested goals. It now appears likely that soybeans will fall short of the suggested goal by at least 1.5 million acres; flaxseed by fully a million acres; and peanuts by about 800 thousand acres. We thus face the following alternatives:

1. Prepare to get along with reduced fats and oil supply, which means reduced civilian rations, and less allocation of fats and oils for soap with possible soap rationing; and not being able to furnish the needed quantities of edible oils for relief purposes.
2. Develop a program to increase production of vegetable oils

The Oil Crops Committee made the following recommendations in order that production would come as close to 1944 goals for oil crops as possible:

1. That an intensive educational campaign be initiated on the needs for vegetable oil.
2. That RACC limited liability loans be made available to flaxseed and peanut growers.
3. That steps be taken to make soybean seed and peanut seed available to growers at reasonable prices.
4. That the prohibition of sale of soybeans for grinding for feed be continued.
5. That efforts be made to improve the marketing system for peanuts in the newer producing areas and that the program for making peanut harvesting equipment available on lenient credit terms be continued.
6. That the support price for soybeans be increased to not less than twice the price of corn in the Corn Belt, or approximately \$2.10 per bushel on the basis of recent corn prices. Possibly it would be necessary to increase the price to \$2.25 to obtain the full goal acreage. That the support price for peanuts be increased to not less than four-tenths of the price of cotton on a pound basis, or approximately \$160 per ton, to provide a slightly more than equal return per acre for peanuts than for cotton and thus to stimulate a further increase in peanut acreage. No change in the announced support price for flaxseed is recommended, since

linseed oil can be substituted for edible oils only with great difficulty under present price relationships, and since an abundant supply of flaxseed is available in Argentina, and shipping promises to show further improvement in 1945.

The Review Committee amended recommendation No. 2 to the following statement: "The risk element is one of the factors hindering achieving the production goals. Limited liability loans in high risk areas would secure additional production."

The Review Committee deferred decision on recommendation No. 6 regarding changes in support prices. The Review Committee also made the following comments:

1. In view of the production we would have to sacrifice to get flaxseed and its limited use for edible purposes, it is not advisable to make a big drive to get flax.
2. It appears that there is no justification for limited liability loans in old peanut areas. Likewise the increase in price for peanuts will not contribute to production sufficiently, or offset other limiting factors such as facilities to handle the crop and soil-depleting features, to warrant this change.
3. Oats and a small acreage of corn will replace soybeans. In this instance it appears desirable that special attention be given to necessary price changes and to a promotional campaign to get an increased acreage of soybeans.

Dry Beans and Peas

The requirements for dry beans have not changed from the requirements on which the suggested national goal of 3.3 million acres was based, but prospective imports have been diminished by 3 million bags and prospective production has declined below that reported by the States from their goals meeting. Several of the important bean-producing States conditioned their goals upon receiving a higher price for the beans. We are thus faced with a prospective deficit of 4.75 million bags of beans to meet requirements. This is exclusive of possible additional needs for liberated areas.

The Bean Committee recommended the following measures for consideration:

1. War risk insurance on dry land and marginal areas. F-2 loans, while helpful, would not be so effective as insurance.
2. Price increase would be the most effective factor in the established bean areas.
3. A definite effort to inform each individual bean grower of the following: (a) The real need for more beans; (b) the need of planting beans on fields best adapted to bean production, and the best production practices in their individual circumstances.

4. Organize an effective seed program to see that first quality seed adapted to each particular area is available to all growers. Considerable losses were sustained in some areas in 1943, it is alleged, particularly because of unsatisfactory seed.

The Review Committee took no action on recommendations No. 1 and 2, and emphasized only that an educational campaign be carried out in the bean producing areas to stimulate increased production.

The requirements for red kidney beans by the United States military and war services are very high, taking 70 percent of the 1943 production. The Bean Committee suggested that, since the military services were unwilling to pay a premium of \$1.50 per hundred over the present support price on red kidneys, no increase in support prices would be recommended.

Requirements for dry peas are nearly 1 million bags in excess of present production prospects, even assuming that all acreage not needed for wrinkled pea seed were planted to smooth varieties. The Committee felt that the measures suggested for meeting the bean deficit were applicable to increasing dry pea production, with the exception that support prices for peas are satisfactory.

Potatoes

There are sufficient potatoes available from the 1943 crop to allow a civilian per capita consumption of 141 pounds. The 1943 crop exceeded the goal by 13 percent and large stocks are still on hand. Indicated production of early and intermediate potatoes in 1944 is approximately 63 million bushels. The States producing for this marketing period are exceeding the suggested 1944 goals by 12 percent. Thus we are faced not only with a large remaining supply of old potatoes, but also with the prospect of increased supplies of new potatoes during the spring and early summer months. These large stocks of potatoes at this time of the year may have a discouraging influence on planting the suggested acreage in the late-potato producing States.

The potato Committee made the following recommendations which were agreed to by the Review Committee:

1. Conduct an intensive and continuous consumer informational program through August to stimulate and increase consumption of potatoes. A similar program should be prepared for sweet-potatoes in the event a large crop is indicated.
2. Announce the details of the 1944 sweetpotato price support programs at the earliest possible date.
3. The January 1 stocks report indicated that growers at that time intended to reduce their 1944 potato acreage by 7 percent. The reduction is largely in the late States. To offset this, the agencies dealing with farmers should emphasize the need for the production of the potato and sweetpotato goals and the necessity for planting the goal acreage for both crops. (The planting intentions report will be available in time to check on plantings of late potatoes.)

4. Affirm the various types of devices used to support prices to the effect that prices will be supported to growers. Producers do not understand price supporting programs. The effect on the grower is lost.
5. Stockpile excess supplies to the fullest extent feasible into: dehydrated potatoes, canned potatoes, starch and related products, livestock feed (preferably dried), alcohol, and other practical industrial uses.
6. Employ Food Distribution Orders to give priorities for the shipment of seed potatoes and U. S. No. 1 grade potatoes from producing areas in an effort to utilize efficiently available transportation equipment.
7. Plantings of early Irish potatoes are nearly completed in the early spring and late spring States. In the summer States, growers have already made commitments for fertilizer and a substantial part of their seed. Sweetpotato prices have been attractive and may result in an increased acreage in the sweetpotato growing areas. Most of the Irish potato land is not well adapted for sweetpotatoes. For these reasons, the possibilities of making a shift from potatoes to sweetpotatoes is not considered practical.

Feed Balance

(Including reports of the Forage and Seed Committees)

The total concentrate feed required for the production of livestock and livestock products for the current feeding year probably will be somewhat less than in 1943, because the feeding rate per unit of production so far seems to be lower than a year ago. Current milk production is assumed to be 116 billion pounds which is about 2 percent less than in 1943; eggs and poultry production to be at goal level; hogs at goal level; cattle other than milk cows, somewhat above goal levels; and cattle on feed and pasture and lambs on feed slightly below goal levels. Maintaining this assumed rate of feeding would mean that we would end up the feeding year with only 8 million tons of feed as carryover. This is about one-half the stocks of old grain that we had last fall.

Feed grain production from the 1944 goal acreages at average yields would be about 4.5 million tons less than the production in 1943. If we have average yields in 1944, and can import 145 million bushels of wheat for feed in 1944-45, we would have enough feed to maintain livestock production in 1945 at about the same level as is expected for 1944.

No specific recommendations were made regarding the feed-livestock balance. The Review Committee were of the opinion that it would be difficult to develop a program to insure proper distribution to provide for deficit areas, if feed supplies are reduced to the level of only an 8 million ton carryover.

There was considerable discussion which indicated the need for the development of a definite feed policy. The need for providing more concentrate feed to bring dairy production up to goal levels must be answered. It would require 450,000 tons more feed which could only be had at the expense of other livestock. The estimated carryover is down to a minimum. However, hogs and chickens may be reduced sufficiently to provide this leeway.

Increasing forage production offers one of the best opportunities for increasing total feed supply and thus maintaining larger livestock production. A report of a special committee on forage production outlines two effective ways of increasing hay and pasture production in 1944:

1. Increased use of nitrogen fertilizer.
2. Seeding of annual hay and pasture crops.

Limiting factors in this program are the availability of sufficient quantities of nitrogen fertilizer, and of supplies of hay and pasture seeds. Suggestions for increasing production of hay and pasture crops; of growing supplementary and emergency feed crops; and for improving the conservation and utilization of forage crops are included in the report of the forage committee.

Production of seed of grasses and legumes presents one of the most critical problems in the production program. Supplies of vitally needed seeds are at a point where production is being restricted and a severe drought would cause a near catastrophe. The Seed Committee presented an outline of **steps** that are now being taken to stimulate increased production and recommended additional steps that should be taken. Previous programs have not given us the seed. The Review Committee interposed an objection to a recommendation calling for the War Food Administration to give support to the enactment of legislation designed to encourage seed production. It was thought that it would be unwise to further any moves which might establish a precedent for the earmarking of AAA funds to be used for conservation purposes. Objection also was raised to the methods being used to increase production of improved strains of grasses and legumes. Recommendations proposed by the Seed Committee are given in the following report of the Seed Production Programs Committee.

Production of seed of grasses and legumes in 1943 was far below the goals. Seed supplies of northern alfalfa, sweetclover, red clover, alsike clover, Ladino clover, and Sudan grass are critically short. An intensive program for the production of seed of all grasses and legumes must be undertaken immediately to get increased production this year or the shortage will be further intensified in 1945. These shortages are bound to reflect in smaller acreages of hay and pasture and make the livestock feed situation very critical. Seed stocks are practically exhausted and a severe drought in 1944 could cause a near catastrophe.

The following steps to insure increased production have already been taken:

1. Price supports have been announced on 43 kinds of grass and legume seeds. This will help materially in getting increased production.

2. In the areas where seed is produced, the AAA is placing increased emphasis on seed production and has increased the acreage on which payments are made.
3. The seed trade is showing intense interest and has started an active campaign for more seed through the use of the press and radio, and requested assistance of the War Food Administration in supplying information that can be used in the campaign.
4. At a meeting of the seed trade in Omaha, February 18 and 19, legislation for higher payments per acre for increasing supplies of basic seeds was proposed. It will be presented to the Congress by members of the seed trade on Monday, February 28.
5. A program for the increase of foundation seed of improved strains of grasses and legumes is being developed.

Additional steps that need to be taken:

1. The War Food Administration should recognize that the production of grass and legume seed is equally important with the production of other war crops and should request all agencies to give special emphasis to seed production for 1944.
2. Recognizing that acreage payments for seed production will be necessary to get farmers to hold hay and pasture crops for seed, the War Food Administration should give full support to the immediate enactment of legislation designed to encourage seed production.
3. In order to encourage farmers to hold red clover and alfalfa for seed production, all possible effort should be exerted to get farmers to plant small acreages of sorghums, Sudan grass, lespedeza, millets, and other supplemental hay and grazing crops to provide feed ordinarily furnished by the crops to be held for seed.
4. Nitrogen and phosphate fertilizers are very effective in increasing seed production of grasses and legumes respectively, and in allotting fertilizer supplies this possibility of increasing seed production must not be overlooked.
5. It is essential, in planning for feed supplies for 1944, that seed supplies be given full consideration as these two objectives are more or less competitive. Plantings of most legumes and grasses must be made in 1944 for 1945 seed production.
6. Goals for corn and soybeans for 1944 have been increased and much of the increased acreage must come from hay and pasture crops. It is urged that farmers be requested to save all possible acreages of red clover for seed production rather than plow them down in order to get a larger acreage of corn and soybeans.

7. Further consideration should be given to the various margins established by OPA in determining ceiling prices, as it is the opinion of the Committee that the present regulations may interfere with increased production and the movement of seed.

Dairy

Export requirements for dairy products for 1944 have been increased over the estimates on which the committee last fall based its recommendation for a goal of 122 billion pounds. Requirements of the United Kingdom and its overseas forces, particularly for evaporated milk, are larger. Firm requirements for large quantities of dairy products are now being substituted for the tentative estimates of liberated areas which were included when goals were established. Production is declining in the major exporting countries of the world, especially in the Southern Dominions to which the United Kingdom has looked for a large part of its butter and cheese imports. The resulting deficit in other parts of the world has increased the claims against United States supplies.

Requirements of milk and other dairy products for civilians and military will continue throughout 1944 at the high level included in requirements when suggested goals were determined in September 1943.

Milk production in 1943 reached 118.1 billion pounds or about one percent less than in 1942. This production level was the result of about two percent more cows, so the milk production per cow was reduced from an average of 4,739 to 4,606 pounds. During the past several months the level of production has been at the rate of about 115 billion pounds per year unless the level is increased to produce a total of more than 116 billion pounds from the average number of cows in prospect, the production per cow will be below the 10 year average.

State War Boards approved State production goals that total 120.5 billion pounds. This goal is possible of attainment if production per cow is maintained at the 1943 level. If the average 1942 level of production per cow could be attained, it would result in nearly 124 billion pounds of milk. But to achieve even the 1943 level of production per cow milk-feed price relationships must be established which will encourage a high level of grain feeding and measures will need to be taken to assure that the feed to accomplish this level is made available to dairymen. Recommendations for obtaining a maximum dairy production in 1944 are as follows. These recommendations were approved by the Review Committee:

1. Adequate supplies of winter roughage and pasture of good quality should be emphasized as the base for dairy production. Programs for improving the roughage supply through use of lime and fertilizers, use of improved legumes and grasses to the extent that seed supplies permit and approved management practices are essential to maximum dairy production. Detailed recommendations as to how these objectives can best be achieved are included in the special committee report on forage. The eight point Dairy Program and the AAA 1944 conservation program are the principal action programs designed to assure maximum improvement in roughage supplies.

2. With requirements for dairy production at the present high level, cow numbers should be increased by an additional 2 percent in 1944. Closer culling of dairy calves and normal culling of cows and heifers should be practiced.
3. For maximum milk production at any level of available concentrate supplies, adjustments in cow numbers in individual areas should be based on recommendations 1 and 2.
4. Programs for distributing protein feeds and other concentrates in areas where needed for milk production should be continued and improved. Dairy cows should receive first claim on the nation's concentrate supplies.
5. The milk feed and butterfat feed ratios must be maintained at levels considerably higher than those now in effect to obtain satisfactory milk production in view of other factors such as increased hay prices, increased wages for labor, and decreased total labor supply available on farms. Milk equivalent feed ratios in 1943 well above the long time average were sufficient to maintain production per cow at only 97 percent of the 1941 and 1942 level even though pasture conditions were well above normal and concentrate supplies much larger than in 1944.
6. Dairy production payments designed to achieve recommendation No. 5 should be at rates that average for the year about 50 percent above January 1944 rates. Definite announcement for a long period in advance, preferably at least a year is of more importance than the exact level of payments. Payments for May and June should be at the minimum rate permitted by current price support announcements. Rates for July, August and September should be intermediate between the flush period rates and the winter rates. These recommendations are intended to assist in maintaining normal variations in seasonal returns from milk and encourage summer feeding of cows and fall freshening to the end that production for the year may be maximized.

Poultry

Requirements for poultry and poultry products are essentially the same as those used when the suggested goals were developed, with the exception that the non-civilian requirements for dried eggs have been reduced.

Present 1944 production prospects are for eggs one percent above production goals; chickens raised for flock replacement, 3 to 13 percent less than goals; commercial broilers the same as goals; and turkeys raised, 5 percent above.

The Poultry Committee recommended that some assurance be given to private storers of eggs that they will be permitted to retain ownership of eggs stored for civilian use. This recommendation was made to help counteract present hesitancy on the part of storers of eggs. However, the Review Committee felt that this assurance could not be given and that the recommendation should be stricken from the report, which has since been agreed to by the Poultry

Committee. A second recommendation was made that producer performance in buying chicks should be thoroughly reappraised about April 1 to determine whether any special programs are desirable to make any needed adjustments in the purchasing of chicks. It will be necessary to watch closely the level of broiler production and increases in ceiling prices should be made only if it appears that broiler production will fall far below the goal level.

Beef Cattle

The 82.2 million head of cattle on farms January 1, 1944, was the largest beginning-of-the-year inventory of record, and 10 percent larger than in 1934. It was 4 million head more than the 1944 (end of the year), goal of 78.2 million head.

The large number of cattle on farms and ranches in 1943 used more feed than there is any reasonable assurance will be available in the years immediately ahead. Increased slaughter is also needed to meet requirements for beef in the War Food Program. Compared with the slaughter of about 27.3 million cattle and calves in 1943, it will be necessary to slaughter at least 32.6 million head in 1944 to meet the estimated minimum total requirements of beef and veal. In view of the slaughtering capacity facilities available, increased slaughter is particularly needed in the summer months. To obtain the reduction in numbers according to the feed and carrying capacity, it would be necessary to slaughter about 36.5 million head or 9.2 million more than were slaughtered in 1943. To return numbers to January 1943 levels would require a slaughter of 35 million head in 1944.

Slaughter of cattle and calves in the first two months of 1944 was about 20 percent greater than a year earlier and at about the same level as in 1942. This rate of slaughter, however, is far too small to achieve a goal for the year of 35 million head. With 16 percent fewer cattle on feed on January 1 than a year earlier, there is little prospect that the present rate of slaughter will be materially increased in the next four months, which is a period when fed cattle constitute the greater portion of the cattle slaughtered. The Meat Production Estimates Committee is now forecasting total slaughter for 1944 at 31.3 million head. If obtained, it will prevent any further increase in cattle numbers but will not reduce them.

The problem of increasing slaughter involves such factors as capacity of slaughtering plants, seasonal distribution of slaughter as affected by production conditions and practices, price levels and price trends, weather and range conditions, feed supplies and costs, necessary incentives to obtain increased marketings, the effect of higher income taxes on production and marketing plans, and the mechanics of a government program that would effectuate the desired increase.

Thus far no official action has been taken to inaugurate a program to achieve the slaughter goal announced last October. A definite action program now seems desirable and it is recommended that one be formulated and gotten under way at the earliest possible date. As the first step in this direction the following recommendations were presented by the Meat Animals Committee:

1. That the War Food Administration consult with all interested agencies, including cattlemen's associations and packers, on the following and alternative incentives to encourage increased marketings of cattle and calves.
2. That the War Food Administration inaugurate as soon as practicable an educational program on the cattle inventory, feed carrying capacity, and meat requirements situation which would be participated in vigorously by all agencies including the cattlemen's associations.
3. That all agencies working together, and with local people make an area by area inventory of current and normal feed carrying capacity and cattle numbers, by classes and ages, as the basis for local marketing goals for the rest of the year. The marketing goal for an area should be divided among the remaining months in the proportion indicated by the time when cattle could be marketed either with advantage or the minimum disadvantage.
4. That the War Food Administration offer an incentive payment through the AAA directly to the producer for the sale of cows and heifers for slaughter during the months of May, June, July, and August. This payment would offset the advantage of carrying the cow or heifer through the grazing season and could, therefore, be graduated downward month by month. For example, the payment in May might be \$1.25 per hundredweight, \$1.00 per hundredweight in June, 75 cents per hundredweight in July and 50 cents per hundredweight in August.

An alternative to a direct payment through the AAA to the producer would be to make the same amount available to the packer for addition to the returns to sellers for cows and heifers bought for slaughter.

5. That War Food Administration place no restrictions on non-inspected slaughtering plants in order to utilize all slaughtering facilities to capacity.
6. That the War Food Administration recommend to the Office of Price Administration that it designate spare ration stamps for the purchase of hamburger and low grades of beef if those kinds of beef threaten to accumulate because of increased slaughter under the program.
7. That the Government assure cattle feeders that beef price ceilings would be raised by the amount of the current subsidy should the subsidies be discontinued. Because of the present uncertainties regarding subsidy payments, it appears that many cattle feeders fear that their feeding margin may be reduced by elimination of the subsidy payments.

There was considerable discussion and opposition to some of these recommendations, particularly No. 4. The Goals Review Committee recommended that if we are to go ahead with a liquidation program, WFA should appoint a small group to spell out recommended action in detail, and to develop alternatives to those of the above recommendations which did not seem